

BROADBAND PENETRATION IN EU: THE HAVES AND THE HAVE NOTS

ECTA urges consistent regulation across Europe to improve broadband access

Brussels, 14.09.06 – Sixty four million people now have broadband access across the 25 countries of the European Union – but the gap between the best and worst performers is widening, according to the latest Broadband Scorecard, published today by the European Competitive Telecommunications Association (ECTA). Overall penetration of 14.1% is up by 5.5 million lines, an increase of 9% over the previous quarter.

The overall picture hides huge discrepancies. Denmark tops the league with broadband penetration of nearly 30%, while worst placed Greece trails far behind at just 2%. The poorly scoring countries are not growing quickly enough to catch up, which is creating a widening gulf between connected and unconnected countries.

Steen Clausen, Managing Director of ECTA, the pro-competitive body, said, “People often like to make comparisons between broadband take-up in the EU, US and Japan, but actually the divergence within Europe itself is even greater. We don’t have to cross continents to see how best to boost Europe’s broadband. The answer is right in front of us. Countries that are performing relatively well, such as Denmark and the UK, have taken action to ensure there is choice and competition, while broadband access in laggard countries such as Greece and Ireland is still to a large extent dominated by the former state-owned incumbents.”

The effects of competition can be seen very clearly in countries which have worked to deliver effective access to the local loop and wholesale broadband products. A good example is the UK, which gained 15% broadband subscribers over the quarter, stimulated by a range of new competitive offers, which only emerged following action by the regulator to improve access conditions for competitors. Likewise, broadband in France was stagnating until regulatory action paved the way for competition - triple-play packages are available now for less than €30 per month.

Clausen continued, “Again and again we see a clear link between regulatory action and the variety and value of broadband offers in the market. And when the services are there, consumers respond. . But we see that for far too many consumers their only choice is to take it or leave it, assuming of course that broadband is available where they live. This is dragging Europe down.”

The European Regulators Group meeting in October, attended by the Heads of all 25 EU Regulators, will discuss proposals to identify best practice to harmonise regulation across Europe.

Clausen continued, “We are calling on the European Regulators Group to commit to delivering a coherent application of regulation across Europe to address the clear gap between Europe’s best and worst broadband performers. They have a real opportunity to deliver a result that will benefit Europe’s consumers and economy.”

Key findings of the ECTA Broadband Scorecard:

1 The market experienced continued growth but with considerable variations across countries

- Total broadband lines increased by 9% since the last quarter from 58.8 million to 64.3 million lines. This growth was down on the previous quarter when 13% growth was reported
- Denmark maintained its position from last quarter as the country with the highest penetration in the EU, followed by Netherlands at 26.8% and Finland at 24%. However, penetration rates remained at or below 15% in Germany, Italy and Spain, and was only 8% in Ireland and 2% in Greece
- In the new member states, Estonia and Malta continued to head up the table with penetration rates of 15.8% and 12.8% respectively, comparing favourably with many of the EU15. Penetration in Poland and Slovakia remained below 4%. Turkey was included in the analysis for the first time, and shows a broadband penetration rate of 3.1%, putting it in line with Poland and Slovakia and above the penetration in Greece
- Amongst the new member states, Poland achieved the highest growth in penetration rising from 2.6 % in Q405 to 3.3% in Q106, whilst penetration rates in Malta remained flat

2 Incumbents' market share declining slowly overall

- Incumbents' market share of the overall broadband market in the EU (including cable) dropped slightly from 49% in Q405 to 47% this quarter. Whilst incumbents in UK, Germany, Greece, Hungary and some other new member states lost ground, it is notable that in Spain, the Netherlands and Finland incumbents gained market share
- In the EU15 incumbent market share of total broadband lines remained above 50% in Spain, Italy, Ireland, Greece, Germany, Finland and Belgium
- Incumbent market share as a proportion of total DSL lines fell slightly to 58% from 59% in Q4

3 DSL maintains dominance

- DSL maintained its share of the European market this quarter at 82%, whilst cable remained with 16% of end-user retail connections. Other technologies such as satellite and wireless remained at just 2% of total connections

4 The wholesale market picture

- Of DSL connections provided by new entrants, 25% were provided by LLU, 18% by shared access, 25% by IP bitstream, 18% ATM bitstream and 14% were based on reseller products
- Full LLU increased over the quarter, with a 1 point-increase in usage. IP Bitstream products lost 1 point while ATM remained at same proportion. The use of resale has grown slightly this quarter after a decrease last quarter. The trend towards unbundling products appears to be continuing

The ECTA Broadband Scorecard is recognised as an industry benchmark that is used by the European Commission, National Regulators and major institutions such as the OECD. ECTA collates and publishes data on a quarterly basis tracking progress on

Broadband Penetration and Local Loop Unbundling in the 25 member states across Europe.

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About ECTA (www.ectaportal.com)

The European Competitive Telecommunications Association (ECTA) looks after the regulatory and commercial interests of new entrant telecoms operators, ISPs and suppliers of products and services to the communications industry.

ECTA works for a fair regulatory environment which allows all electronic communications providers to compete on level terms in order to multiply investment and innovation throughout an effective European internal market. The association represents the telecommunications industry to key government and regulatory bodies and maintains a forum for networking and business development.

ECTA member companies include operators, service providers and suppliers as well as National Associations of such which all contribute towards regulatory policy development and participate in our comprehensive range of networking events, conferences, seminars, briefings and executive meetings.

NOTES

European broadband league table Q1 2006

Ranking	Q1 2004	Q1 2005	Q1 2006
1	Denmark	Netherlands	↑ Denmark
2	Netherlands	Denmark	↓ Netherlands
3	Belgium	Finland	→ Finland
4	Sweden	Belgium	↑ Sweden
5	Austria	Sweden	↓ Belgium
6	Finland	France	↑ UK
7	France	UK	↓ France
8	UK	Austria	↑ Luxembourg¹
9	Germany	Luxembourg	↓ Austria
10	Portugal	Portugal	↑ Germany
11	Spain	Italy	→ Italy
12	Italy	Germany	↑ Spain
13	Luxembourg	Spain	↓ Portugal
14	Ireland	Ireland	→ Ireland
15	Greece	Greece	→ Greece

To access the ECTA Broadband Scorecard Q4 2005 please check:

<http://www.ectaportal.com/en/basic245.html> (Excel & Pdf versions available)

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¹ Luxembourg has not been updated this quarter.

